

Risk Matters

Department of Administration



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Montana's Fine Art Treasures



From the historic player pianos at Nevada City to the animatronic dinosaurs at the Museum of the Rockies, state agencies and universities are the custodians of priceless, irreplaceable artifacts and objects of rare and historic value.

What objects are covered? How do I report fine art for insurance purposes? What is the insured value for a particular piece of artwork? We hope that this brief primer provides some answers to these important questions!

To begin..... a fine art is an object of rare or historic value including, but not limited to, a painting, drawing, sculpture, pottery, coin, manuscript, statue, or other work of artistic merit.

The state/university system's fine art insurance program provides coverage for objects of fine art owned by the state or property of others which the state/university system has an obligation to insure.

Coverage applies on a 'wall to wall basis' from the time an insured object leaves your property until it returns to the same property provided that it is shipped through first class mail.

Examples of covered risks include, but are not limited to, arson, theft, flood, fire, and earthquake, subject to a limit of \$300 million per event/occurrence and a \$1,000 agency/university deductible.

Your insurance coordinator <http://rmtd.mt.gov/insurance/insuranceprocurementadministration.mcp> has been trained to report your fine art to us online through the state Property/Casualty Insurance Information System (PCIIS). Please work with your insurance coordinator to provide us with an accurate description/location/security measure(s) for each object during the annual reporting period.

Remember, your fine art is insured to its market value at the time of a loss. Because the values are constantly changing, it is important to maintain an inventory of fine art with documentation about each object including purchasing agreements, photographs, the age of the object, and its author.

It has been said that 'fine art feeds the muse of humanity and is often treasured beyond its market worth'. Thank you for your assistance in helping us properly insure the Treasure State's fine art treasures!



Cyber Insurance Coverage Now Offered by RMTD!

The Risk Management & Tort Defense Division is now offering data/information security and privacy insurance coverage to state agencies/universities through Beazley Insurance. This coverage is commonly referred to as 'cyber' insurance.

The state sponsored program covers damages and claims expenses which an agency/university may become obligated to pay because of a violation of federal or state privacy laws including, but not limited to:

- ◆ Privacy notification costs.
- ◆ Regulatory fines and penalties.
- ◆ Cyber extortion.
- ◆ Business interruption.
- ◆ State or university data assets stored on computer systems that are damaged by alteration, corruption, or destruction.

Privacy notification costs are defined in the state/university system's policy as those costs incurred within one year of the reporting of the incident or suspected incident such as:

- ◆ Hiring security experts.
- ◆ Notification provisions.
- ◆ Public relations mitigation (up to \$50,000).
- ◆ Credit monitoring (for the purpose of mitigating potential damages).
- ◆ Mailing & third party administrative costs.



Regulatory defense and penalty costs are defined as claims expenses and penalties which an agency/university is legally obligated to pay because of any claim in the form of a regulatory proceeding resulting from the violation of a federal or state privacy law.

Cyber extortion is defined as costs incurred by a state agency/university as a result of an extortion threat by a person other than employees, directors, officers, principals, trustees, governors, managers, members, etc.

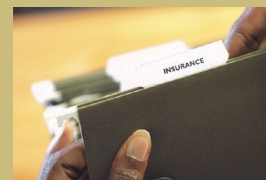
Business interruption is defined as costs incurred by a state agency/university as a direct result of the actual and necessary interruption or suspension of computer systems and directly caused by failure of computer security to prevent a security breach.

Data/information security breach claims typically arise from the following causes:

- ◆ Theft, loss, or unauthorized disclosure of non-public information.
- ◆ Failure of computer security to prevent a security breach including failure to prevent transmission of malicious code from computer systems to third party computer systems.
- ◆ The failure to disclose in a timely manner any of the above in violation of any breach notice law.
- ◆ The failure to comply with a privacy policy involving the disclosure, sharing or selling of personally identifiable non-public information.
- ◆ The failure to administer an identity theft prevention program.

As with any insurance policy, there are exclusions. For example, coverage does not apply to any claim or loss from:

- ◆ Employer-employee relations, policies, practices, etc.
- ◆ Anti-trust violations.
- ◆ Unfair trade practices.
- ◆ Unlawful collection or acquisition of personally identifiable non-public information.
- ◆ Distribution of unsolicited e-mails, facsimile, audio or video recording.
- ◆ Incidents occurring prior to retroactive date/continuity date of the policy.
- ◆ Securities Act violations.
- ◆ Fair Labor Act violations.
- ◆ Patent infringement.
- ◆ Federal Trade Commission and related state, federal, local and foreign governmental activities.
- ◆ Money/securities/funds transfer.
- ◆ Broadcasting, publications, & advertising.
- ◆ War and terrorism.
- ◆ Pollution.
- ◆ Nuclear events.
- ◆ Radioactive contamination.



Any claims filed under this coverage will be handled by RMTD claims staff. Please use the instructions and forms found on our website at <http://rmtd.mt.gov/claims/agenciesreportclaims.mcp.x>.

RMTD staff will open a file with Beazley Insurance and take advantage of the services provided by Beazley vendors for coverage provided under this policy.

Our staff will coordinate the payment of claims costs with Beazley and its vendors and will bill state agencies/universities 20% (i.e. the co-insurance requirement) for costs incurred. There is no deductible.

Packing Your Bags? Call Us Before You Travel Abroad!

Foreign travel insurance applications are submitted by your agency/university insurance coordinator before March 15th of each fiscal year.

The applications indicate which foreign countries your employees are traveling to and, therefore; serve as evidence that coverage applies in a particular country.



If your agency/university has an unexpected trip outside the United States and Puerto Rico, please contact the Risk Management and Tort Defense Division as soon as possible to verify that your trip is covered by the state's foreign insurance program (444-4509, Kristie Rhodes).

The state/university system's foreign insurance policy does not apply to countries with economic or trade sanctions.

To obtain information about such countries please visit the U.S. Department of the Treasury website at <http://www.ustreas.gov/offices/enforcement/ofac/programs/index.shtml>.



State and university employees who are traveling outside of the United States are required to purchase local vehicle liability insurance from a rental car company when renting or leasing a vehicle on official state or university business.

For more information on foreign travel insurance visit our website at <http://rmtd.mt.gov/insurance/foreigninsurance.mcpix>.

Three Important Reminders!



Loss Mitigation Grants

RMTD offers loss mitigation grants to state agencies/universities for projects, equipment, or training that reduce the likelihood of insured auto, aviation, liability, and property claims.

Agencies may apply for a grant by completing the application found at <http://rmtd.mt.gov/safetylosscontrol/lossmitigationgrants.mcpix>.

There is no deadline for submitting a grant application, however; limited funding is available and priority is given to those grant requests that are submitted first each fiscal year.

Insurance Discounts

Save 10% on your agency's or university's insurance by establishing effective risk management programs.

Visit our website at <http://rmtd.mt.gov/insurance/autoinsdisc.mcpix> to learn more about the auto insurance discount.



For more information about how to qualify for the property insurance discount, visit our website at <http://rmtd.mt.gov/insurance/proplossmgmtdisc.mcpix>.

Applications for both discount programs are due by June 15, 2012.

High Deductible Options

Your agency may save 5% to 20% on its auto and property insurance by selecting a higher deductible.

Visit our website at <http://rmtd.mt.gov/insurance/highdeddisc.mcpix> for a summary of your options and a high deductible application.

Please submit your application to us by June 15, 2012.



Student Internships

Question: Is a student medical intern at a Montana University covered by the state's medical professional liability insurance after graduation if he/she has not yet received a professional license?

Answer: Yes and no! A student intern is covered by the state's medical professional liability insurance if they graduated from an insured Montana university within the past 6 months provided that the student is a candidate for certification or licensure as a healthcare provider. Note: Various exceptions and exclusions may apply for certain healthcare specialties. Please call us at (406) 444-2421 to discuss your specific situation.

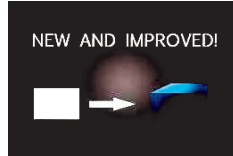
PCIIS Makeover!

The state property/casualty insurance information system (PCIIS), celebrated its 10th birthday in 2011.

What better way to celebrate than to add features, re-write the interface, and implement a new look and feel.

PCIIS was originally developed to assist state agencies in reporting their insurable assets in accordance with §2-9-201, MCA.

Through web-based reporting tools, agencies may still enter new assets, update existing assets, or review historical insurance information.



However, the new and improved version of PCIIS will employ a java-based user interface and simpler navigational tools.

In addition, users will no longer have to log in separately for each and every sub-entity. Rather, they will have access to all sub-entities once they are in the system.

PCIIS will also have new reporting tools which will allow end users to download data directly to folders for review, retrieval, and custom queries.



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Risk Management Network

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Alternative accessible formats of this newsletter will be provided on request. Persons who need an alternative format should contact the Risk Management & Tort Defense Division, Department of Administration, 1625 11th Ave., Helena, Montana 59620-0124. Phone: (406) 444-2421. Those using a TTY may call through the Montana Relay Service at 711.

Visit our website at <http://rmtd.mt.gov/default.mcp.x>.



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